

**Submission  
No 174**

## **INQUIRY INTO ELECTORAL AND POLITICAL PARTY FUNDING**

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**NSW Parliamentary Inquiry  
Electoral and Political Party Funding  
Submission by Jo Holder  
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The Australian Labor Party has a long and proud tradition of being a reformist party in many important social and political areas. As a long-standing ALP member, I share these ideals. In 1981 the Wran State Labor government introduced the first public funding of elections and disclosure of political donations and campaign expenditure in Australia. The Hawke federal Labor government followed with important Federal reforms in 1983. The NSW system served the public well through increased transparency of the sources of funds going to political parties

However, like many ALP members I am deeply concerned and distressed about the perception of conflict of interest and corruption now engulfing the state party. The current ICAC investigation into links of payments and favours expected in return between Wollongong City Council, city councillors, local members of Parliament and property developers may be either an isolated 'outbreak' of corruption or the tip of an iceberg. Hopefully, these links will not be proved, but the disgrace remains. The outcome – poor planning and coastal development blight – remains for generations to come.

In light of the ICAC disclosures, urgent changes must be made to update the system to improve and modify the procedures in light of overwhelming public concern about political donations and electronic advances in dealing with information.

My inner-city ALP branch has always moved a motion prior to any local, state or federal political campaign asking that the campaign be developer donation free. Unfortunately, until recently, this view has not been widely accepted amongst other branches and we were usually a minority. Faced with such concerns from branch members, candidates sometimes declare their campaign 'developer donation free' whilst contentedly accepting campaign contributions from Head Office. These contributions are usually undeclared. These double-standards also contribute to an internal culture of compromise and contamination.

Fortunately the general view now held by resolution amongst inner-city ALP branches is that:

- (i) that all political parties and individual candidates forego donations from the property development industry;
- ii) that all political parties and individual candidates forego donations from the alcohol and gaming industry;
- ii) that all political parties and individual candidates forego donations from the tobacco industry.

The NSW Parliamentary Inquiry into Electoral and Political Party Funding is urged to act to ban all the above sources of political funding.

It is my personal view that there should be a cap on all donations from companies.

I also hold the following concerns. I understand that under current regulations, the NSW EFA requires all political parties contesting a NSW state election to submit a return

showing contributions and expenditure during the four years between elections.

Candidates also must submit a return showing donations and expenditure – the time period for their reporting differs depending on whether or not they contested the previous election. This clearly is grossly inadequate regulation.

The following major changes for improving transparency of political funding in NSW should also be considered by the Committee:

1) Annual Disclosure: Currently disclosure of political donations and election expenditure is made every four years after state elections. Political contributions and money from fundraising events should be disclosed every year. During the year leading up to an election, this disclosure should be more frequent.

Advances in the electronic transfer of information mean it is easy for information to be sent from the parties' headquarters to the NSW Election Funding Authority (NSW EFA). This would allow the NSW EFA to put the information on their web site quickly for public access. I believe the major parties both now operate centralised banking systems. Frequent disclosure means the information could be placed more quickly on the NSW EFA web site and avoid any perception of influence.

2) An independent committee must be set up to scrutinize all government advertising campaigns. The brief of this committee will ensure all advertising is for important public education purposes and not for any political gain.

3) Reform of Local Government Disclosure: The disclosure threshold for political parties in local government elections is the same as the one for head offices of parties in state elections — \$1500. All parties registered for local government elections should identify all donors who contribute over \$200 for each council campaign. This disclosure limit is the same for candidates of all parties as well as independents in state elections. In local government, as we have seen in Wollongong, smaller amounts of money can ensure access to councillors.

All Local Government Returns should be disclosed NSW EFA web site. It is not acceptable that the public must either go to their local council or the NSW EFA office in Sydney months after council elections to look at returns from parties and candidates. This especially penalises non-metropolitan citizens.

Contributions to political parties and individual candidates standing for councils should be made prior to elections and the information readily available. This information should be reported one week prior to the election and immediately posted on the web sites of the NSW EFA and the relevant local council.

4) Disclosure: needs to be more substantive and punitive. Clearly an 'honesty' or self-regulatory system is open to abuse.

(i) Political parties and individual candidates must fully disclose all direct and in-kind contributions to their campaigns. Hidden funding most commonly include paid campaign staff and facilities. All indirect contributions must be declared. (See Noreen Hay.)

(ii) Some of the money for state elections is funneled through Electoral Councils (EC). Candidates must report the amount of money they receive from their SEC or FEC, but they are not required to report the source of that money. This can work both ways.

Monies from Head Office can be hidden in a remit to an electorate council.

(iii) The head office of the party has to report the developer's donation in their return, but is grouped with all the money the party received and not revealed by electorate. The electorate campaign

Those who do not adhere to these disclosure requirements should be ineligible for election.

There are real problems in electoral funding in this state. This inquiry into political donations gives the Government the opportunity to make real reforms that assist objectivity and honesty in politics and give good outcomes for the state.

Thank you for your time and consideration of this submission.

Jo Holder